



Cleveland District Office News

Information for the Small Business Community

November 2006

U.S. Small Business Administration
Cleveland District Office

1350 Euclid Avenue, Suite 211
Cleveland, Ohio 44115-1815

Phone: 216-522-4180
Fax: 216-522-2038

November 2006 Newsletter
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For More Information
SBA Home Page: www.sba.gov

- SBA offices are located in all 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands and Guam.
- SBA Answer Desk: 1-800 U ASK SBA
- Fax: 202-205-7064
- E-mail: answerdesk@sba.gov
- TDD: 704-344-6640
- Your rights to regulatory fairness: 1-800-REG-FAIR

All of the SBA's programs and services

are provided to the public on a non-discriminatory basis.

LOAN REPORT *as of October 31, 2006*



Total Loan Volume – OCTOBER 2006 (7(a) and 504 Combined)

Bank	Number of Loans	Dollars in Thousands
National City Bank	26	\$2,855
Charter One Bank	25	\$1,045
JP Morgan Chase Bank	19	\$1,124
Huntington National Bank	14	\$13,316
Capital One Bank	13	\$670
KeyBank	13	\$3,363

504 Loans

Bank	Number of 504s
Huntington National Bank	3
FirstMerit Bank	1
JP Morgan Chase Bank	1
KeyBank	1
National City Bank	1
Ohio Legacy Bank	1
Park View Federal Bank	1
Sky Bank	1

CDC	Number of Approvals	Dollars in Thousands
Growth Capital Corp.	3	\$1,182
Stark Dev Board Finance Corp.	3	\$433
Cascade Capital Corp.	2	\$4,000
MVEDC	1	\$798
MEACO	1	\$58

SBA Launches New Markets Lending Initiative

The U.S. Small Business Administration has launched a pilot program to provide financial assistance to small businesses in economically distressed urban and rural areas, or "New Markets," that need the economic attention to get communities back on their feet. The initiative provides incentives for commercial lenders and local development organizations to make more SBA-guaranteed loans in these communities. The New Markets Lending Initiative will help small businesses by enabling Community Development Entities (CDEs) to combine the benefits of both the New Markets Tax Credit (NMTC) Program and SBA-guaranteed loans to provide inner-city and rural small business owners and entrepreneurs greater access to financing and business training. Administered by the Treasury Department's Community Development Financial Institutions Fund, the New Markets Tax Credit Program permits investors to receive credits on their federal taxes of up to 39 percent of investments made in investment institutions called Community Development Entities.

The SBA pilot program, which is only available to 7(a) lenders making new loans through advance-purchase commitments with CDEs, waives a regulation that limits an SBA lender's ability to sell any portion of an SBA guaranteed loan to anyone other than another SBA lender. The waiver allows CDEs with New Markets Tax Credit allocations to purchase up to 90 percent of SBAExpress or CommunityExpress 7(a) loans up to \$150,000 made to NMTC "qualified" businesses in low-income communities.

These new loans are guaranteed by the SBA. The New Markets Tax Credit Program is expected to spur approximately \$16 billion in investments into CDE investment institutions. It was created by Congress through the Community Renewal Tax Relief Act of 2000. By leveraging the SBA's resources with the Treasury's NMTC program, this new initiative will provide additional access to loans and technical assistance to both start-up and existing firms in New Markets. Under the program, CommunityExpress lenders will assist CDEs to provide small business borrowers with a package of services including mentoring, coaching and counseling. ♦

News for SBA Lenders

1st Quarter "Peg" Rate and Direct Interest Rate



The interest rate on Section 7(a) Direct Business Loans is 6 1/8 percent (6.125%) for the fiscal quarter beginning October 1, 2006. (Information only – no direct funds available at this time.)

The optional peg rate for fluctuating interest rates on guaranty loans is 5 1/8 percent (5.125%) for the October - December quarter of FY 2007. ♦

SBA and Ex-Im Bank Provide Assistance to Small Business Exporters

The U.S. Small Business Administration (SBA) and the Export-Import Bank of the United States (Ex-Im Bank) have teamed up to further promote small business exports. Small businesses that receive an SBA Export Working Capital Program (EWCP) loan now qualify for a 25% discount on their Ex-Im Bank credit insurance premiums. Ex-Im Bank is the official export credit agency of the United States government. Ex-Im Bank assumes the inherent payment risks that the private sector is often unable or unwilling to cover. **Export credit insurance** protects your company against nonpayment and also enables you to sell on competitive "open account" terms (rather than cash in advance or letters of credit). Thus, you can enter new markets and increase sales in existing markets with greater confidence. No longer do you have to forego sales because you cannot match the credit terms offered by your foreign competitors.

The Ex-Im Bank's support is extensive, with up to **95% coverage** for both commercial risks (such as buyer insolvency and default) and political risks (such as war, revolution, and the cancellation of an export or import license). Furthermore, as a borrower under the SBA Export Working Capital Program, Companies can qualify for a **25% premium discount** under Ex-Im Bank's multi-buyer insurance policies. Non-deductible policies are available for many companies. The discount brings your cost, in most cases, to less than a half-cent per dollar of sales. Of interest, this cost of insurance can often be passed on to your buyer.

The SBA's EWCP program provides small business exporters with working capital financing to cover 100% of their pre-shipment costs associated with specific export transactions. Under the SBA EWCP program, a small business will not lose a viable export transaction due to a lack of working capital. For additional information contact Patrick Hayes on 216-522-4731 or phayes@mail.doc.gov. ♦

100,000 FY-06 SBA-Backed Loans Received by Small Businesses

Small businesses turned to the U.S. Small Business Administration for commercial financing in record numbers in fiscal year 2006, setting records for both the number of loans and the dollars loaned.

The SBA backed a net 100,197 loans totaling \$19.1 billion under its two primary small business loan programs during the 12 months ending on Sept. 30. Both the number of loans and the dollar amount is a single-year record for the agency.

The previous records were set last year, when SBA provided a net 94,554 loans worth \$18.1 billion under the same two programs.

A third of the loans in FY 2006 went to minority borrowers, 32 percent were to new start-up businesses, 22 percent were to businesses owned by women and 21 percent were to businesses located in rural areas.

Increases were recorded in loans to African Americans, Hispanics, Asian Americans and Native Americans. ♦

Cleveland District Office Program Staff

Gilbert B. Goldberg, District Director
Richard A. Lukich, District Counsel

Lender Relations:

James F. Donato, Manager and PIO
Timothy J. Ensich, Lender Relations Specialist
Mark C. Hansel, Lender Relations Specialist
Thomas R. Sangrik, Lender Relations Specialist

Business & Economic Development (Community Outreach):

James M. Duffy, ADD/BD
John R. Renner, Business Development Specialist
Sonya M. Wagasky, Business Development Specialist



Veteran's Business Symposium to be Held in November

Veterans and Active Military:

- ✓ Are you starting a small business? The upcoming symposium has the resources you need!
- ✓ Interested in doing business with the Government? Take advantage of the chance to meet buyers!

The third annual Veteran's Business Symposium will be held Tuesday, November 14, 2006 at the John A. Spitzer Conference Center on the campus of Lorain County Community College.

The event is being offered to provide area veterans with an opportunity to learn from a variety of business development resources and benefit from Government contracting panels and workshops. In addition, participants will have the opportunity to access veteran's services of all kinds, as well as network with buyers from approximately twenty Federal and State agencies. The luncheon speaker is LTC James Blanco, Assistant to the Director, Office of Small and Disadvantaged Business, U.S. Army. His presentation is entitled "Setting Up Veteran-Owned Businesses for Success."

The event will take place from 8:00 am to 4:00 pm, with registration beginning at 7:00 am. The conference center is located at 1005 Abbe Road North, Elyria, Ohio. The registration fee is \$30.00 and includes breakfast and lunch. To register, go to www.lcedc.org. For more information, please contact Jane Stewart, NEO-PTAC, at jstewart@lcedc.org or 440-357-2294. ♦

Presented by: The Northern Ohio Procurement Technical Assistance Centers, in cooperation with the SBA. Primary Sponsor: Lorain National Bank.

Nominations for SBA 2007 Small Business Week Awards Now Being Accepted

Nomination guidelines at:

http://www.sba.gov/idc/groups/public/documents/oh_cleveland/oh_cleveland_07-sbweek-awards-.pdf

or by calling the SBA Cleveland Office at
216-522-4180, ext. 215

Deadline for submissions to the Cleveland office is Dec. 1, 2006